

# **MOUNTAINS RECREATION AND CONSERVATION AUTHORITY**

July 12, 2006 — Agenda Item X

Resolution No. 06-113

**RESOLUTION OF THE GOVERNING BOARD OF THE MOUNTAINS RECREATION AND CONSERVATION AUTHORITY AUTHORIZING THE BORROWING OF FUNDS AND THE ISSUANCE OF TWO PROMISSORY NOTES IN THE AMOUNTS OF \$3,000,000 AND \$1,000,000; AND FURTHER AUTHORIZING THE SALE AND PURCHASE BACK OF APN'S 5571-025-903, 904, 5571-026-903, 904, 5571-027-902, 903, 5571-031-909, 910, 911, 912, 913, AND CERTAIN RELATED ACTIONS**

WHEREAS, pursuant to the Mountains Recreation and Conservation Authority Joint Exercise of Powers Agreement (the "JPA Agreement"), entered into pursuant to the provisions of Title 1, Division 7, Chapter 5, Article 1, commencing with Section 6500, of the California Government Code, among the Santa Monica Mountains Conservancy, a public agency of the State of California, the Conejo Recreation and Park District, a public agency duly constituted body corporate and politic of the State of California established pursuant to Chapter 4, Division 5, of the California Public Resources Code, and the Rancho Simi Recreation and Park District, a public agency duly constituted body corporate and politic of the State of California established pursuant to Chapter 4, Division 5, of the California Public Resources Code, the Mountains Recreation and Conservation Authority (the "Authority") is authorized to jointly exercise any power common to such contracting parties, including, without limitation, the power to acquire and dispose of real property;

WHEREAS, the Governing Board of the Authority (the "Governing Board") deems that it is necessary and desirable to acquire land and complete certain construction projects (collectively the "Projects") and finance operating cost shortfalls of the Authority;

WHEREAS, the Governing Board deems that it is necessary and desirable to enter into a financing arrangement to finance such matters;

WHEREAS, the JPA Agreement provides that the Authority shall have such additional powers as apply generally to separate public entities established pursuant to the Joint Exercise of Powers Act, comprising Articles 1, 2, 3 and 4 of Chapter 5 of Division 7 of Title 1 (commencing with Section 6500) of the California Government Code (the "JPA Law");

WHEREAS, Zions First National Bank (the "Lender") is willing to provide financing to the Authority the proceeds of which will be used to: (i) acquire, or reimburse the Authority for costs incurred in connection with the Projects by the Authority, and (ii) pay operating cost shortfalls, and (iii) if applicable, pay costs of such financing;

WHEREAS, in order to facilitate the financing, the Governing Board proposes, to sell an approximately 80 acre parcel known as the Trebek Parcel to the MRCA Financing Corporation, a California nonprofit public benefit corporation (the "Corporation"), pursuant to a grant deed of the Authority (the "Grant Deed"), in exchange for two promissory notes to be executed by the Corporation in favor of the Authority (the "Corporation Notes") secured by a deed of trust to be granted by the Corporation in favor of the Authority (the "Deed of Trust"), and to purchase the Trebek Parcel back from the Corporation pursuant to an Installment Purchase Agreement (the "Purchase Agreement"), between the Corporation, as seller and the Authority, as purchaser, subject to the lien of the Deed of Trust securing the Corporation Notes;

WHEREAS, it is further proposed that the financing to be provided by the Lender be evidenced by a \$1,000,000 promissory note and a \$3,000,000 promissory note in the forms attached hereto as Exhibit "A" (the "MRCA Notes"), and that the MRCA Notes be secured by an assignment of the Corporation Notes and the Deed of Trust to the Lender pursuant to a collateral assignment of deed of trust and notes (the "Collateral Assignment") and a pledge of certain funds and grants by the Authority pursuant to a pledge agreement (the "Pledge Agreement");

WHEREAS, there have been prepared and presented at this meeting the following documents required for the issuance of the MRCA Notes, and such documents are now in substantially final form, appropriate to be executed and delivered for the purposes intended:

- (1) Forms of the two MRCA Notes of the Authority;
- (2) Form of the Grant Deed of the Authority;
- (3) Forms of the two Corporation Notes to be executed by the Corporation in favor of the Authority;
- (4) Form of the Deed of Trust to be granted by the Corporation in favor of the Authority;
- (5) Form of the Purchase Agreement to be entered into between the Corporation, as seller, and the Authority, as purchaser;
- (6) Form of the Revolving Credit Agreement to be entered into between the Authority and the Lender;
- (7) Form of the Collateral Assignment to be entered into between the Authority and the Lender; and
- (8) Form of the Pledge Agreement to be entered into between the Authority and the Lender.

WHEREAS, all acts, conditions and things required by the Constitution and laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the actions authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the Authority is now duly authorized and empowered, pursuant to each and every requirement of law, to consummate such actions for the purpose, in the manner and upon the terms herein provided;

NOW, THEREFORE, BE IT RESOLVED by the Governing Board of the Mountains Recreation and Conservation Authority, as follows:

- Section 9. All of the recitals herein contained are true and correct and the Governing Board so finds.
- Section 10. The sale to, and purchase back from, the Corporation of the Trebek Parcel in order to facilitate such financing are hereby approved.
- Section 11. The MRCA Notes described herein are being issued pursuant to the authority of the JPA Law, and other applicable provisions of law. Pursuant to such authority, the Authority is hereby authorized to issue the MRCA Notes in the principal amounts of \$1,000,000 and \$3,000,000 respectively. The date, maturity date, interest rate, interest payment dates, terms of prepayment and other terms of the MRCA Notes shall be as provided in the MRCA Notes as finally executed.
- Section 12. The MRCA Notes shall be issued in the forms attached hereto in Exhibit "A", the blanks in said form to be filled in with appropriate words and figures to be inserted or determined at closing. The MRCA Notes shall be executed by the manual or facsimile signature of the Executive Officer of the Authority, and attested by the manual or facsimile signature of the Chief Operating Officer of the Authority. The Executive Officer or the Chief Operating Officer of the Authority, or such other officer or member of the Governing Board as the Executive Officer may designate are each "Authorized Officers" for purposes of this Resolution. The MRCA Notes shall be issued to the Lender, as the registered owner thereof; provided that the Lender executes and delivers to the Paying Agent (as defined in Section 18 hereof) an investor letter in the form and substance set forth in Exhibit "B", as attached hereto and by reference incorporated herein.
- Section 13.
- (a) Each MRCA Note shall be initially executed and delivered in the form of a separate, single, authenticated, fully registered note (which may be

typewritten). Upon initial execution, authentication and delivery, the ownership of the MRCA Notes shall be registered in the name of the Lender.

- (b) In connection with any notice or other communication to be provided to owner pursuant to this Resolution by the Authority or the Paying Agent with respect to any consent or other action to be taken by Lender and its successors and assigns, the Authority or the Paying Agent, as the case may be, shall establish a record date for such consent or other action and give the Paying Agent notice of such record date not less than 15 calendar days in advance of such record date to the extent practicable.

Section 14. The registration of the MRCA Notes may be transferred, upon the books required to be kept pursuant to the provisions of Section 18 hereof, by the person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of the MRCA Notes for cancellation, accompanied by delivery of a written instrument of transfer in a form acceptable to the Paying Agent duly executed. Whenever an MRCA Note shall be surrendered for transfer, the designated Authority officials shall execute (as provided in Section 4 hereof), and the Paying Agent shall deliver, a new MRCA Note. The Paying Agent shall require the payment by the registered owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer, and there shall be no other charge to any registered owner for any such transfer. An MRCA Note may be transferred only to one or more transferees of the type described in Section 6(ii) of the letter set forth in Exhibit B attached hereto.

Section 15. Principal of and interest on the MRCA Notes shall be payable as set forth in the MRCA Notes as finally executed in such coin or currency of the United States as at the time of payment is legal tender for payment of private and public debts. On or prior to the due date of each payment, the Authority shall transfer to the Paying Agent sufficient moneys to enable the Paying Agent to make each installment payment to the registered owner of the applicable MRCA Note. Both the principal of and interest on the applicable MRCA Note shall be paid by check mailed by the Paying Agent by first class mail, postage prepaid, only to the registered owner of the applicable MRCA Note at the registered owner's address as it appears on the register maintained by the Paying Agent pursuant to the provisions of Section 19 hereof as the same shall fall due.

Section 16. The principal amount of the MRCA Notes, together with the interest thereon, shall be payable from income, revenue, cash receipts and other

moneys which are legally available therefore and received or held by the Authority, and the other security to be provided pursuant to the Pledge Agreement and Collateral Assignment. EXCEPT TO THE EXTENT PROVIDED HEREUNDER AND UNDER THE MRCA NOTES, NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF CALIFORNIA OR ANY PUBLIC AGENCY THEREOF OR ANY MEMBER OF THE AUTHORITY IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON, THE MRCA NOTES.

- Section 17. The form of the Grant Deed, on file with the Secretary of the Governing Board, is hereby approved, and the Authorized Officers are each hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver a Grant Deed transferring title to the Trebek Parcel to the Corporation in substantially said form, with such changes therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.
- Section 18. The forms of the Corporation Notes, on file with the Secretary of the Governing Board, are hereby approved, and the Authorized Officers are each hereby authorized and directed, for and in the name and on behalf of the Authority, to accept the Corporation Notes from the Corporation in substantially said form, with such changes therein as the Authorized Officer accepting the same may require or approve, such approval to be conclusively evidenced by the acceptance thereof.
- Section 19. The form of the Deed of Trust, on file with the Secretary of the Governing Board, is hereby approved, and the Authorized Officers are each hereby authorized and directed, for and in the name and on behalf of the Authority, to accept the Deed of Trust with respect to the Trebek Parcel from the Corporation in substantially said form, with such changes therein as the Authorized Officer accepting the same may require or approve, such approval to be conclusively evidenced by the acceptance thereof.
- Section 20. The form of the Purchase Agreement, on file with the Secretary of the Governing Board, is hereby approved, and the Authorized Officers are each hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Purchase Agreement in substantially said form, with such changes therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

- Section 21. The form of the Revolving Credit Agreement, on file with the Secretary of the Governing Board, is hereby approved, and the Authorized Officers are each hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Revolving Credit Agreement in substantially said form, with such changes therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.
- Section 22. The form of the Collateral Assignment, on file with the Secretary of the Governing Board, is hereby approved, and the Authorized Officers are each hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Collateral Assignment in substantially said form, with such changes therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.
- Section 23. The form of the Pledge Agreement, on file with the Secretary of the Governing Board, is hereby approved, and the Authorized Officers are each hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Pledge Agreement in substantially said form, with such changes therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.
- Section 24. The following representations and covenants are made by the Authority in connection with the issuance of the MRCA Notes:
- (a) For the period from and including the date hereof to and including the Maturity Date, the Authority shall pay to Lender from proceeds of the \$1,000,000 MRCA Note a one-time origination fee for the loans equal to \$20,000 on the Closing Date. The Authority hereby requests and authorizes Lender to pay such fee to itself on the Closing Date from a disbursement of \$20,000 under the \$1,000,000 MRCA Note.
  - (b) The Authority is a joint exercise of powers authority duly organized and validly existing under the laws of the State of California and has all necessary power and authority to: (i) adopt this Resolution and (ii) authorize the issuance of the MRCA Notes.
  - (c) Upon the issuance of the MRCA Notes, the Authority will have taken all action required to be taken by it to authorize the issuance and delivery of the MRCA Notes and the performance of its obligations thereunder, and the amount of the MRCA Notes, together with all other indebtedness of

the Authority, will not exceed any limit prescribed by the Constitution or statutes of the State of California. The Authority has full legal right, power and authority to issue the MRCA Notes and to perform its obligations as provided herein and therein.

- (d) The issuance of the MRCA Notes, the adoption of this Resolution and the execution and delivery of the Grant Deed(s), the Revolving Credit Agreement, Purchase Agreement, the Pledge Agreement and the Collateral Assignment, and compliance with the provisions hereof and thereof will not conflict with or violate any law, administrative regulation, court decree, resolution, charter, by-laws or other agreement to which the Authority is subject or by which it is bound.
- (e) No consent, approval, authorization or other order of, or filing with, or certification by, any regulatory authority having jurisdiction over the Authority is required for the issuance of the MRCA Notes or the consummation by the Authority of the other transactions contemplated by this Resolution except those the Authority shall obtain or perform prior to or upon the issuance of the MRCA Notes.
- (f) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, arbitrator, governmental or other board, body or official, pending or, to the best knowledge of the Authority, threatened against or affecting the Authority questioning the validity of any proceeding taken or to be taken by the Authority in connection with the MRCA Notes, the Grant Deed(s), the Purchase Agreement, the Collateral Assignment, the Pledge Agreement or this Resolution, or seeking to prohibit, restrain or enjoin the execution, delivery or performance by the Authority of any of the foregoing, or wherein an unfavorable decision, ruling or finding would have a materially adverse effect on the Authority's financial condition or results of operations or on the ability of the Authority to conduct its activities as presently conducted or as proposed or contemplated to be conducted, or would materially adversely affect the validity or enforceability of, or the authority or ability of the Authority to perform its obligations under, the MRCA Notes, the Revolving Credit Agreement, the Grant Deed(s), the Purchase Agreement, the Collateral Assignment, the Pledge Agreement or this Resolution.
- (g) The Authority will not directly or indirectly amend, supplement, repeal, or waive any portion of this Resolution (i) without the consent of the registered owner of the MRCA Notes, or (ii) in any way that would materially adversely affect the interests of the registered owner of the MRCA Notes.

- (h) Upon the due adoption of this Resolution, this Resolution and (upon the execution and delivery thereof) the MRCA Notes, the Grant Deed, the Collateral Assignment, the Revolving Credit Agreement, the Collateral Assignment and the Pledge Agreement, will constitute legal, valid and binding obligations of the Authority, enforceable in accordance with their respective terms, except as such enforceability may be limited by bankruptcy or other laws affecting creditors' rights, the application of equitable principles if equitable remedies are sought, the exercise of judicial discretion in appropriate cases and the limitations on legal remedies against public entities, as applicable, in the State of California.
  - (i) The Authority covenants to take such action as may be necessary to include all payments due under the MRCA Notes in its annual budgets and to authorize and approve expenditures for all such payments due under the MRCA Notes in each fiscal year. The Authority will furnish to the registered owner of the MRCA Notes on or before July 1 of each year a certification that the proposed budget of the Authority is in compliance with the requirements of this paragraph.
  - (j) It is hereby covenanted and warranted by the Authority that all representations and recitals contained in this Resolution are true and correct, and that the Authority and its appropriate officials have duly taken, or will take, all proceedings necessary to be taken by them, for carrying out the provisions of this Resolution and the MRCA Notes.
  - (k) During the term of the Revolving Credit Agreement, the Authority shall provide Lender as soon as practicable when they are available: (i) a copy of the Authority's final annual budget for each fiscal year; (ii) a copy of the Authority's most recent financial statements; and (iii) any other financial reports the Lender may reasonably request from time to time.
  - (l) The Authority has complied with all legal requirements relating to its adoption of this Resolution (including any open meeting laws and notice requirements, if applicable).
- Section 25. The Authority will not take any action or fail to take any action if such action or failure to take such action would adversely affect the exclusion from gross income of the interest payable on the \$3,000,000 MRCA Note under Section 103 of the Internal Revenue Code of 1986 (the "Code"). Without limiting the generality of the foregoing, the Authority will not make any use of the proceeds of the \$3,000,000 MRCA Note or any other funds of the Authority which would cause the \$3,000,000 MRCA Note to be an "arbitrage bond" within the meaning of Section 148 of the Code, a "private



activity bond” within the meaning of Section 141(a) of the Code, or an obligation the interest on which is subject to federal income taxation because it is “federally guaranteed” as provided in Section 149(b) of the Code. The Authority, with respect to the proceeds of the \$3,000,000 MRCA Note, will comply with all requirements of such sections of the Code and all regulations of the United States Department of the Treasury issued or applicable thereunder to the extent that such requirements are, at the time, applicable and in effect. The Authority will comply with the requirements of the tax certificate to be executed by the Authority and delivered to the Lender at closing, including without limitation any arbitrage rebate requirement described therein or in Section 148(f) of the Code, and will comply with the informational reporting requirement of Section 149(e) of the Code.

The total aggregate principal amount of the \$3,000,000 MRCA Note is the total amount of all “qualified tax-exempt obligations” (within the meaning of such term under Section 265(b)(3) of the Code) which have been or which are reasonably expected to be issued by the Authority during this calendar year. The Authority and all other subordinate entities thereof have not issued, and do not expect to issue, any other tax-exempt bonds during this calendar year. The \$3,000,000 MRCA Note is not a “private activity bond” within the meaning of that term under Section 141 of the Code. Ninety-five percent or more of the net proceeds thereof are to be used for local governmental activities of the Authority. Neither the Authority or any other subordinate entities thereof have issued any other such qualified tax-exempt obligations during this calendar year and it is reasonably expected that none will be issued. Thus, the total aggregate principal amount of qualified tax-exempt obligations issued or reasonably expected to be issued during this calendar year by the Authority and any subordinate entities thereof does not exceed \$10,000,000.

The covenants contained in this Section shall survive the payment of the \$3,000,000 MRCA Note.

Section 26. If any of the following events occur, it is hereby defined as and declared to be and to constitute an “Event of Default” under the MRCA Notes, subject to any applicable cure rights in Section 8 of the Revolving Credit Agreement:

- (a) Failure by the Authority to make or cause to be made any payment required to be paid under an MRCA Note on or before the date on which such payment is due and payable; or
- (b) Failure by the Authority to observe and perform any covenant, condition or agreement on its part to be observed or performed under this Resolution or an MRCA Note, for a period of fifteen (15) days after written notice,

specifying such failure and requesting that it be remedied, is given to the Authority by the registered owner of an MRCA Note, unless the registered owner of the applicable MRCA Note shall agree in writing to an extension of such time prior to its expiration; or

- (c) Any warranty, representation or other statement by or on behalf of the Authority contained in this Resolution or the MRCA Notes or in any instrument furnished in compliance with or in reference to this Resolution or the MRCA Notes, is false or misleading in any material respect; or
- (d) A petition is filed against the Authority under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect and is not dismissed within 30 days after such filing, but the registered owner of an MRCA Note shall have the right to intervene in the proceedings prior to the expiration of such 30 days to protect its interests; or
- (e) The Authority files a petition in voluntary bankruptcy or seeking relief under any provision of any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, or consents to the filing of any petition against it under such law; or
- (f) The Authority admits insolvency or bankruptcy or is generally not paying its debts as such debts become due, or becomes insolvent or bankrupt or makes an assignment for the benefit of creditors, or a custodian (including without limitation a receiver, liquidation or trustee) of the Authority or any of its property is appointed by court order or takes possession thereof and such order remains in effect or such possession continues for more than 30 days, but the registered owner of an MRCA Note shall have the right to intervene in the proceedings prior to the expiration of such 30 days to protect its interests; or
- (g) A default by the Authority under the Collateral Assignment, Pledge Agreement or Revolving Credit Agreement.

Whenever any Event of Default referred to in this Section shall have happened and be continuing, the registered owner of an MRCA Note shall, in addition to any other remedies provided herein or by law, have the right, at its option without any further demand or notice, to take one or any combination of the following remedial steps:

- (a) Declare the principal of the MRCA Notes and the interest accrued thereon to be immediately due and payable, and upon notice to the Authority the same shall become immediately due and payable by the Authority without further notice or demand; and
- (b) Take whatever other action at law or in equity which may appear necessary or desirable to collect the amounts then due and thereafter to become due hereunder or to enforce any other of its rights under the MRCA Notes or hereunder.

Section 27.

- (a) Zions First National Bank, in Salt Lake City, Utah is hereby appointed the initial Paying Agent for the MRCA Notes (the "Paying Agent"). The Paying Agent shall act as an agent of the Authority in performing its duties hereunder.
- (b) The Paying Agent will keep or cause to be kept at its principal corporate trust office sufficient books for the registration and transfer of the MRCA Notes, which shall at all times be open to inspection by the Authority, and, upon presentation for such purpose, the Paying Agent shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred on said books, the MRCA Notes as provided in Section 5 hereof. The Authority and the Paying Agent shall be entitled to treat the person in whose name each MRCA Note is registered as the owner thereof, notwithstanding any notice to the contrary received by the Authority or the Paying Agent; and the Authority and the Paying Agent shall have no responsibility for transmitting payments to, communicating with, notifying, or otherwise dealing with, any beneficial owner of the applicable MRCA Note.
- (c) The fees and expenses of the Paying Agent shall be paid in each year by the Authority.
- (d) If, at anytime, the Authority shall determine to replace the Paying Agent then acting hereunder, or if the Paying Agent shall submit its resignation, then the Authority shall immediately appoint a successor paying agent to act as Paying Agent hereunder; provided that, if an immediate successor cannot be found, then the replacement or resignation of the Paying Agent shall not take effect for a period of 30 days.

Section 28. If at any time the Authority shall pay or cause to be paid or there shall otherwise be paid to the registered owner(s) of the MRCA Notes all of the principal and interest represented by the MRCA Notes at the times and in the manner provided herein and in the MRCA Notes, then such registered

owner shall cease to be entitled to any unrestricted income, revenue, cash receipts or other money of the Authority or the other security provided pursuant to the Collateral Assignment for the payment of the MRCA Notes, as provided in Section 7 hereof, and such obligation and all agreements and covenants of the Authority to the registered owner hereunder and under the MRCA Notes and the Collateral Assignment and Pledge Agreement shall thereupon be satisfied and discharged and shall terminate, except only that the Authority shall remain liable for payment of all principal and interest represented by the MRCA Notes, but only out of monies held in trust for such payment.

- Section 29. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Resolution or the MRCA Notes, shall not be a business day, such payment may be made or act performed or right exercised on the next succeeding business day, with the same force and effect as if done on the nominal date provided in this Resolution or the MRCA Notes and, unless otherwise specifically provided in this Resolution or the MRCA Notes, no interest shall accrue for the period from and after such nominal date. The term "business day" for these purposes shall mean any day of the year other than a Saturday, Sunday, a day on which the New York Stock Exchange is closed or any day on which the Paying Agent is not open for business.
- Section 30. All actions heretofore taken by the officers and agents of the Authority with respect to the financing described herein and the issuance of the MRCA Notes are hereby approved, ratified and confirmed, and any member of the Governing Board or officer of the Authority, acting alone, is hereby authorized and directed, for and in the name and on behalf of the Authority, to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements and other documents (including subordination agreements with respect to any outstanding encumbrances on the Trebek Parcel) which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the MRCA Notes and to effectuate the purposes thereof and of the documents herein approved in accordance with this Resolution and resolutions heretofore adopted by the Authority and otherwise in order to carry out the financing.
- Section 31. The provisions of the MRCA Notes and of this Resolution shall constitute a contract between the Authority and the registered owner of the MRCA Notes and such provisions shall be enforceable by mandamus or any other appropriate suit, action or proceeding at law or in equity in any court of competent jurisdiction, and shall be irreparable.

Section 32. In the event any provision of this Resolution shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 33. The actions taken are exempt from the provision of the California Environmental Quality Act.

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Chair

AYES:

NOS:

ABSTAIN:

ABSENT:

I HEREBY CERTIFY that the foregoing resolution was adopted at a special meeting of the governing board of the Mountains Recreation and Conservation Authority, duly noticed and held according to law, on the 12<sup>th</sup> day of July, 2006.

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Executive Officer

**Exhibit "A"**

**FORMS OF NOTES**

**MOUNTAINS RECREATION AND CONSERVATION AUTHORITY  
\$1,000,000 PROMISSORY NOTE**

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>
90% of the Prime Rate (re-set at the beginning of each calendar month)	_____, 2010	_____, 2006

REGISTERED OWNER: ZION FIRST NATIONAL BANK

PRINCIPAL AMOUNT: \$1,000,000

FOR VALUE RECEIVED, the MOUNTAINS RECREATION AND CONSERVATION AUTHORITY (the "Authority"), promises to pay to the registered owner identified above, or registered assigns, the principal sum specified above and interest thereon, or so much thereof as may have been disbursed and remain outstanding, at the rate of interest specified above (the "Note Rate") both before and after maturity, in accordance with the terms of that certain Revolving Credit Agreement dated \_\_\_\_\_, 2006 between the Authority, as "Borrower" and Zions First National Bank, as "Lender" (the "Revolving Credit Agreement"); provided, that the final installment of principal equal to the then unpaid principal balance of this Note and interest accrued thereon shall be due and paid upon surrender of this Note on the maturity date set forth above. As used above, the term "Prime Rate" shall mean the so-called "prime rate" published in the Wall Street Journal from time to time. Principal of and interest on this Note are payable in such coin or currency of the United States as at the time of payment is legal tender for payment of private and public debts. Interest shall be calculated on the basis of a calendar year for actual days elapsed, in like lawful money from the date hereof until the maturity date specified above and, if funds are not provided for payment at maturity, thereafter on the basis of a calendar year for actual days elapsed until payment in full of said principal sum for actual days elapsed. Both the principal of and interest on this Note shall be payable by check mailed by Zions First National Bank, in Salt Lake City, Utah, as paying agent (the "Paying Agent"), by first class mail, postage prepaid, only to the registered owner hereof at the registered owner's address as it appears on the register maintained by the Paying Agent as the same shall fall due. Upon an Event of

Default as defined in the Resolution hereinafter defined, this Note is subject to the remedies provided for in the Resolution.

It is hereby certified, recited and declared that this Note (the "Note") represents the authorized issue of the Note in the aggregate principal amount made, executed and given pursuant to and by authority of a resolution of the Governing Board of the Authority duly passed and adopted heretofore, under and by authority of Articles 1, 2, 3 and 4 of Chapter 5 of Division 7 of Title I (commencing with Section 6500) of the California Government Code (the "Resolution"), to all of the provisions and limitations of which the owner of this Note, by acceptance hereof, assents and agrees.

The principal of the Note, together with the interest thereon, shall be payable from income, revenue, cash receipts and other moneys which are legally available for payment hereof and received by the Authority for the general fund of the Authority. This Note is further secured by certain collateral pursuant to a Pledge Agreement and a Collateral Assignment, as described in the Resolution. EXCEPT TO THE EXTENT PROVIDED HEREUNDER AND UNDER THE RESOLUTION, NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF CALIFORNIA OR ANY PUBLIC AGENCY THEREOF OR ANY MEMBER OF THE AUTHORITY IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON, THIS NOTE.

This Note is subject to prepayment at any time upon at least five (5) business days' prior written notice but without any prepayment charges or premiums.

The Authority may deem and treat the registered owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes, and the Authority shall not be affected by any notice to the contrary.

It is hereby certified that all of the conditions, things and acts required to exist, to have happened and to have been performed precedent to and in the issuance of this Note do exist, have happened and have been performed in due time, form and manner as required by the Constitution and statutes of the State of California and that the amount of this Note, together with all other indebtedness of the Authority, does not exceed any limit prescribed by the Constitution or statutes of the State of California.

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**IN WITNESS WHEREOF**, the Governing Board of the Authority has caused this Note to be executed by the manual signature of a duly authorized officer of the Authority and countersigned by the manual or facsimile signature of its duly authorized officer.

MOUNTAINS RECREATION AND  
CONSERVATION AUTHORITY

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Executive Officer

Countersigned:

By \_\_\_\_\_  
Chief Operating Officer



MOUNTAINS RECREATION AND CONSERVATION AUTHORITY  
\$3,000,000 PROMISSORY NOTE

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>
65% of the Prime Rate (re-set at the beginning of each Calendar month)	_____, 2013	_____, 2006

REGISTERED OWNER: ZION FIRST NATIONAL BANK

PRINCIPAL AMOUNT: \$3,000,000

FOR VALUE RECEIVED, the MOUNTAINS RECREATION AND CONSERVATION AUTHORITY (the "Authority"), hereby promises to pay to the registered owner identified above, or registered assigns, the principal sum specified above and interest thereon, or so much thereof as may have been disbursed and remain outstanding, at the rate of interest specified above (the "Note Rate") both before and after maturity, in accordance with the terms of that certain Revolving Credit Agreement dated \_\_\_\_\_, 2006 between the Authority, as "Borrower" and Zions First National Bank, as "Lender" (the "Revolving Credit Agreement"); provided, that the final installment of principal equal to the then unpaid principal balance of this Note and interest accrued thereon shall be due and paid upon surrender of this Note on the maturity date set forth above. As used above, the term "Prime Rate" shall mean the so-called "prime rate" published in the Wall Street Journal from time to time. Principal of and interest on this Note are payable in such coin or currency of the United States as at the time of payment is legal tender for payment of private and public debts. Interest shall be calculated on the basis of a calendar year, for actual days elapsed, in like lawful money from the date hereof until the maturity date specified above and, if funds are not provided for payment at maturity, thereafter on the basis of a calendar year for actual days elapsed until payment in full of said principal sum. Both the principal of and interest on this Note shall be payable by check mailed by Zions First National Bank, in Salt Lake City, Utah, as paying agent (the "Paying Agent"), by first class mail, postage prepaid, only to the registered owner hereof at the registered owner's address as it appears on the register maintained by the Paying Agent as the same shall fall due. Upon an Event of Default as defined in the Resolution hereinafter defined, this Note is subject to the remedies provided for in the Resolution.

It is hereby certified, recited and declared that this Note (the "Note") represents the authorized issue of the Note in the aggregate principal amount made, executed and

given pursuant to and by authority of a resolution of the Governing Board of the Authority duly passed and adopted heretofore, under and by authority of Articles 1, 2, 3 and 4 of Chapter 5 of Division 7 of Title I (commencing with Section 6500) of the California Government Code (the "Resolution"), to all of the provisions and limitations of which the owner of this Note, by acceptance hereof, assents and agrees.

The principal of the Note, together with the interest thereon, shall be payable from income, revenue, cash receipts and other moneys which are legally available for payment hereof and received by the Authority for the general fund of the Authority. This Note is further secured by certain collateral pursuant to a Pledge Agreement and a Collateral Assignment, as described in the Resolution. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF CALIFORNIA OR ANY PUBLIC AGENCY THEREOF OR ANY MEMBER OF THE AUTHORITY IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON, THIS NOTE.

This Note is subject to prepayment upon at least five (5) business days' prior written notice but without any prepayment charges or premiums.

The Authority may deem and treat the registered owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes, and the Authority shall not be affected by any notice to the contrary.

It is hereby certified that all of the conditions, things and acts required to exist, to have happened and to have been performed precedent to and in the issuance of this Note do exist, have happened and have been performed in due time, form and manner as required by the Constitution and statutes of the State of California and that the amount of this Note, together with all other indebtedness of the Authority, does not exceed any limit prescribed by the Constitution or statutes of the State of California.

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**IN WITNESS WHEREOF**, the Governing Board of the Authority has caused this Note to be executed by the manual signature of a duly authorized officer of the Authority and countersigned by the manual or facsimile signature of its duly authorized officer.

MOUNTAINS RECREATION AND  
CONSERVATION AUTHORITY

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Executive Officer

Countersigned:

By \_\_\_\_\_  
Chief Operating Officer

**(Form of Investor Letter)**

[Date]

Richards, Watson & Gershon  
Mountains Recreation and Conservation Authority  
Los Angeles, California

**RE: MOUNTAINS RECREATION AND CONSERVATION AUTHORITY PROMISSORY NOTES**

Ladies and Gentlemen:

1. We are a "bank" as defined in Section 3(a)(2) of the Securities Act of 1933 (the "1933 Act").
2. We have sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal and other tax-exempt obligations of a nature similar to the above-captioned Notes (the "Notes") to be able to evaluate the risks and merits of the investment represented by the purchase of the Notes.
3. We are acquiring the Notes for our own account or for the account of institutions which meet the representations set forth herein, and not with a view to, or for sale in connection with, any distribution of the Notes or any part thereof. We have not offered to sell, solicited offers to buy, or agreed to sell the Notes or any part thereof, and we have no present intention of reselling or otherwise disposing of the Notes.
4. As a sophisticated investor, we have made our own credit inquiry and analysis with respect to the Mountains Recreation and Conservation Authority (the "Issuer") and the Notes, and have made an independent credit decision based upon such inquiry and analysis. The Issuer has furnished to us all the information which we as a reasonable investor have requested of the Issuer as a result of our having attached significance thereto in making our investment decision with respect to the Notes, and we have had the opportunity to ask questions of and receive answers from knowledgeable individuals concerning the Issuer and the Notes. It is acknowledged, however, that we have not relied upon Richards, Watson & Gershon, as Special Counsel to the Authority, or by C.M. deCrisis & Co., Inc., as financial advisor to the Authority, in connection with making our investment decision to purchase the Notes; provided, however, we have relied upon the final approving opinion of Richards, Watson & Gershon delivered with respect to the Notes. We are able and willing to bear the economic risk of the purchase and ownership of the Notes.
5. We understand that the Notes here not been registered with any federal or state securities agency or commission.

6. We acknowledge that the Notes are transferable only by notation on the registration books maintained by the Paying Agent, and are freely transferable provided that:

- (i) the transferring holder thereof shall first have complied with all applicable state and federal securities laws and regulations;
- (ii) the transferring holder thereof can transfer a Note only to:
  - (a) a transferee who executes and delivers to the Issuer a letter of the transferee substantially to the effect of this letter; or
  - (b) a transferee who qualifies as a qualified institutional investor; or
  - (c) a transferee who qualifies as an "accredited investor" within the meaning of Section 2(15) of the 1933 Act; or
  - (d) a securitization Special Purpose Vehicle ("SPV") the interests in which SPV are sold to institutional investors only; and
- (iii) the transferring holder thereof will not prepare or furnish, or cause to be prepared or furnished, any disclosure regarding the Issuer's finances without the prior review and written consent of the Issuer, in the Issuer's sole discretion.

7. We understand that the Issuer has no taxing power and that no right will exist to have taxes levied by the State of California or any political subdivision thereof for the payment of principal and interest on either Note; and that the liability of the Issuer with respect to each Note is subject to further limitations as set forth in the applicable Note, the Resolution pursuant to which the applicable Note is issued (the "Resolution"), the Deed of Trust, the Corporation Notes, the Collateral Assignment and other relevant documents, as such terms are defined in the Resolution.

ZIONS FIRST NATIONAL BANK

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_